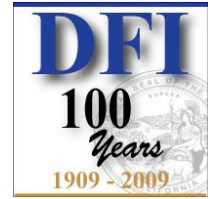




Monthly Bulletin



Volume 14, Number 11

May 2011

Retirement of Chief Deputy Commissioner Carol Chesbrough

Chief Deputy Commissioner Carol Chesbrough will retire effective June 30, 2011, following a long and distinguished state service career spanning more than 32 years, including 11 years at DFI. "Carol Chesbrough's career, spanning over three decades of state service, eleven years at DFI, stands as a testament to her dedication to DFI and the State of California," said DFI Commissioner William S. Haraf. "She has been a great leader of this department. Her vision and dedication, along with her many important contributions, are greatly appreciated and will long be remembered by all of us who have had the privilege to work with her."

Ms. Chesbrough was appointed as DFI's Chief Deputy Commissioner in 2000. She served as Interim Commissioner when the Commissioner position was vacant in 2007 and 2008. Carol served on the State Conference of State Banking Supervisors (CSBS) Educational Foundation for ten years, including two years as Chair. Carol testified on behalf of DFI before the Little Hoover Commission, the Legislature and other government bodies.

She established the DFI Leadership Development Academy as a way to prepare future leaders of the Department. Always a proponent of effective and efficient government, she established the Performance Improvement Council at the Business, Transportation and Housing Agency. Carol initiated a DFI All Staff Training Conference and promoted and supported strategic planning and performance metrics. Carol received the DFI Commissioner's Award in 2008 recognizing her contributions to the Department.

Carol received her law degree from the University of the Pacific, McGeorge School of Law. She began her legal career with the California Fifth District Court of Appeal, later moving to the Attorney General's Office. She served as the Director of Marketing at the Department of Food and Agriculture and as the Chief Counsel for the California Complete Count Committee.

Following her retirement, Carol plans to travel and work for non-profit/community organizations.

45 Fremont Street, Suite 1700, San Francisco, CA 94105-2219
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204
1810—13th Street, Sacramento, CA 95811
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108-4421
Consumer Compliance

(415) 263-8500
(213) 897-2085
(916) 322-5966
(619) 682-7227
(800) 622-0620

Notice to Banks Regarding Small Business Lending Fund

The Department of Financial Institutions has received a number of inquiries regarding the state procedures to be followed by banks to obtain capital from the Small Business Lending Fund, U.S. Treasury, (SBLF) under the Small Business Jobs Act of 2010 (SBJA). Since the ability to receive SBLF funds is dependent upon the applicant banks' ability to issue certain securities, banks need the authorization from the DFI to issue those securities. As the initial purchaser of those securities is an instrumentality of the federal government administering a program of national importance, the Commissioner has determined that it is inefficient and unnecessary for each bank to apply for a permit to offer and sell securities. Accordingly, the Commissioner has signed an order exempting the offer and sale of securities by California state chartered banks from the application and permit process normally associated with such sales. [Attached](#) is a copy of the blanket Order of Exemption issued by the Commissioner.

While California state-chartered banks do not need to obtain a permit to issue securities to obtain SBLF money, the banks must notify the Commissioner if the bank or its holding company has applied for SBLF. Moreover, if the bank will be issuing securities, there are certain corporate laws that must be followed by a bank to properly issue the securities. Banks should review the following procedures to determine which they will need to follow to complete the SBLF funding process:

Do the bank's articles of incorporation allow the board of directors to issue preferred stock? If not, the articles of incorporation must be amended to provide that authorization. Any articles amendment of that type must be approved by the shareholders of the bank. Additionally, the proposed certificate of amendment of articles of incorporation must be approved by the DFI prior to filing the certificate with the Office of the Secretary of the State.

Even if the bank has the authority under its articles to issue preferred stock, there must be filed with the Secretary of State a Certificate of Determination that sets forth the rights, preferences and privileges of the class of stock to be issued. No stock may be issued without that filing. Moreover, that Certificate of Determination must be approved by the DFI prior to filing the certificate with the Office of the Secretary of State.

Banks that are applying for SBLF funds are encouraged to seek private legal counsel to assist with the application process.

If you have any questions for the DFI regarding the application process, please contact Kenneth Sayre-Peterson, Assistant General Counsel at 916-322-1570 or at ksayre-peterson@dfi.ca.gov.

DFI Guidance re Dividends under the Small Business Lending Fund

Several banks have made inquiries regarding the ability of certain banks described below to issue dividends to shareholders pursuant to the U.S. Treasury Department's Small Business Lending Fund (SBLF). This is intended to provide guidance for those banks that require the approval of the Commissioner to issue dividends pursuant to the terms of the SBLF.

Generally, banks may make distributions to its shareholders pursuant to California Financial Code, [Section 642, 643, or 644](#). Distributions made pursuant to Section 642 do not require the approval by the Commissioner. Distributions made pursuant to Section 643 require the prior approval of the Commissioner. Distributions made pursuant to Section 644 require the prior approval of the Bank's shareholders and the Commissioner.

Many of the Department's new bank licensees do not currently qualify to make distributions pursuant to Section 642 or 643, due to the lack of earnings. However, due to the stabilizing effect of the SBLF and the nature of that program, the Commissioner has determined that it may be appropriate for him to approve a dividend distribution through the reduction of contributed capital. Approval pursuant to Section 644, which involves the reduction of a bank's contributed capital, may be granted if the bank shows evidence of, and the Commissioner makes findings on the following:

- The bank's shareholders' equity is adequate (as defined by California Financial Code, Section 660) after the distribution;
- The bank is "Well Capitalized" (as defined under Federal Prompt Corrective Action) after the distribution;
- The bank's performance trends are positive; and
- The bank's shareholders have approved the distribution.

After careful consideration, the Commissioner has determined that it would not be prudent to approve distributions for the term of a bank's participation in the SBLF. Accordingly, a bank must apply for approval of each distribution that will be made pursuant to Section 643 or 644. If granted, the approval will be based on the facts and financial information at the time a bank submits its formal request to make a distribution to its shareholders, as well as the bank obtaining approval of the dividend by the bank's shareholders, as necessary.

Please be assured that at the time a bank submits a formal request to make a distribution to its shareholders, the Commissioner will look favorably on any application that meets the above mentioned conditions. Applications filed pursuant to this announcement should be directed to the Department's Licensing Division located in the San Francisco office at 45 Fremont Street, 17th Floor, San Francisco, CA 94105-2219. Should you have any questions, please contact Scott Cameron, Chief State Examiner, at 916-322-5962 or by email at scameron@dfi.ca.gov.

Confronting Financial Elder Abuse: Tools and Solutions for Financial Institutions

On Wednesday, June 15, 2011, World Elder Abuse Awareness Day, Elder Financial Protection Network (EFPN) and WesPay will present Confronting Financial Elder Abuse: Tools and Solutions for Financial Institutions. Hosted by the FDIC, this 90-minute management level training is designed for employees of financial institutions. The training will provide an update on the growing crime of financial elder abuse and examine the role of the financial service professional in protecting elder account holders and clients from financial abuse and exploitation. The session will cover the following topics:

- Overview and current perspectives and trends
- Red flags and intervention strategies
- Update on reporting procedures and resources
- Update on current and pending legislation
- Prevention and public awareness programs

Location, date and time:

Federal Deposit Insurance Corporation (FDIC)
25 Ecker Street, San Francisco, California 94105
Wednesday, June 15
11:30 a.m. Lunch
12:00 Noon – 1:30 p.m. Training

Presenters:

- [Jenefer Duane](#), Founder and CEO, Elder Financial Protection Network
- [Helen Karr](#), Elder Abuse Special Assistant, San Francisco District Attorney's Office
- Erika Falk, Ph.D., Institute on Aging

Sponsors:

Sponsored by community partners: EFPN, WesPay, Federal Deposit Insurance Corporation, Federal Reserve Bank of San Francisco, California Department of Financial Institutions, California Credit Union League, City and County of San Francisco - Treasurer's Office of Financial Empowerment, San Francisco District Attorney's Office, California State Sheriffs' Association, San Francisco Department of Adults and Aging Services/Adult Protective Services, Institute on Aging.

Curriculum, resource materials and lunch are included. Space is limited and registration is required by 12:00 p.m. Tuesday, June 14. Register [ONLINE](#) or call 415.956.5556.

Annual Fee Reminder

Invoices for Fiscal Year 2011-12 due July 1, 2011

The following institution types are reminded that annual fees are due in this office on or before July 1, 2011.

DFI will calculate annual fees from its database and mail invoices based on that calculation to fee payers.

Representative offices of foreign (other nation) banks

The annual representative license fee for fiscal year 2011-12 is due on or before July 1, 2011. The fee, as outlined in Section 1702(i) of the California Financial Code, is \$250.00 for each California representative office of a foreign (other nation) bank doing business as of June 1, 2011.

Invoices are mailed June 1 and must be paid on or before July 1. Fee payers that do not concur with the calculated amounts have until Tuesday, June 15 to request recalculation or adjustment of the amount. DFI will not entertain any requests received after that date. Those foreign (other nation) banks which also maintain agency or branch offices in California are not subject to this fee. For questions about fees, call (415) 263-8559 or e-mail Patrick Carroll at pcarroll@dfi.ca.gov

Business and Industrial Development Corporation (BIDCO)

The annual license fee for fiscal year 2011-12 is due on or before July 1, 2011. The fee, as outlined in Section 31115(a)(6), is \$2,000.00 for each BIDCO doing business as of June 1, 2011. Invoices were mailed June 1 and must be paid on or before July 1. For questions about fees, call (415) 263-8559 or email Patrick Carroll at pcarroll@dfi.ca.gov.

Commercial Bank Activity

Acquisition of Control

Taylor International Fund, Ltd., Taylor Asset Management, Inc. and Stephen S. Taylor, Jr., to acquire control of Pan Pacific Bank

Filed: 5/12/11

Merger

Borel Bank & Trust Company, San Mateo, California, to merge with and into Boston Private Bank & Trust Company, Boston, Massachusetts
Effectuated: 5/27/11

Coronado First Bank, Coronado, to merge with and into Embarcadero Bank, San Diego
Filed: 5/6/11

First Asian Bank, Las Vegas, Nevada, to merge with and into Royal Business Bank, Los Angeles, California
Approved: 5/22/11

First Private Bank & Trust, Encino, California to merge with and into Boston Private Bank & Trust Company, Boston, Massachusetts
Effectuated 5/27/11

Orange Community Bank, Orange, to merge with and into Grandpoint Bank, Los Angeles
Filed: 4/27/11

Credit Union Activity

Field of Membership

Three credit unions received approval to add three new fields of membership during April 2011.

Bylaw Amendment

Two credit unions received approval for two bylaw amendment during April 2011.

Merger

1st Choice Federal Credit Union, Castro Valley, to merge with and into S.F. Police Credit Union, San Francisco
Filed: 5/9/11

Pacifica-Coastside Credit Union, Pacifica, to merge with and into San Francisco Fire Credit Union, San Francisco
Filed: 5/5/11

Premium Finance Company Activity

New Premium Finance Company

Gracie Point Premium Funding, Inc.
201 Spear Street, City and County of San Francisco
Filed: 5/11/11

Foreign (Other State) Bank Application

New Facility

Darien Rowayton Bank
144 Calle de Andalucia, Redondo Beach, Los Angeles County (Facility – Insured Bank)
Opened: 5/10/11

Kingsbridge Trust Company, Inc.
18818 Teller Avenue, Irvine, Orange County (Facility – Uninsured Trust Company)
Opened: 9/1/10

Money Transmitter Activity

New Money Transmitter

LibertadCard, Inc.
Filed: 5/13/11

VCB Money, Inc.
Filed: 5/16/11

Acquisition of Control

Sigue Corporation, to acquire control of GroupEx Financial Corporation

Approved: 5/26/11

WILLIAM S. HARAF

Commissioner of Financial Institutions

Bulletin for Month ended
May 2011, issued pursuant
to Financial Code section 258



The *Monthly Bulletin* is available without charge via e-mail. To subscribe, go to <http://www.dfi.ca.gov/publications/bulletins/subscription/public.asp>. To unsubscribe, send a blank e-mail to leave-dfi_public@blizzard.sparklist.com. Contact the list administration team at bulletin@dfi.ca.gov